



Report Type

Appraisal Report (Concise Format)

Effective Date

11/30/2018

Client

City of Baxter
Attn: Bradley Chapullis, City Administrator
13190 Memorywood Drive
Baxter, MN 56425

Subject Property

SF-Res / Before & After Street/Utility Project
12395 Forestview Dr, Baxter, MN

Intended Users

City of Baxter



Prepared By:

Andrew J. Lewis, Appraiser
Molly J. Lewis, Appraiser

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File #

V1811001-SF-Res

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Established in 1995

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City of Baxter
13190 Memorywood Drive
Baxter, MN 56425

January 4, 2019

Attn: Bradley Chapullis, City Administrator

In accordance with your request, an **appraisal report** has been made on the following described property:

Subject Property: Det SF-Res

12395 Forestview Dr, Baxter, MN

The property is legally described herein. The appraisal assumes that the property meets all current environmental standards. The appraisal analysis and conclusions are subject to certain limiting conditions and assumptions described herein.

<i>Before Value / Vacant Lot</i>	11/30/2018	\$176,904
<i>After Value / Vacant Lot</i>	Market Value	\$192,024
Total	Fee Simple	\$15,120

Property Components Appraised	<i>Real Estate Only</i>
Improvements	<i>SF-Residential Dwelling</i>
Extraordinary Assumptions & Hypothetical Conditions	<i>Yes, see rear of report for details.</i>
Severance Damage	<i>None</i>
Temporary Easement	<i>None</i>
Start / Complete Date	<i>To Be Determined</i>
Marketing & Exposure Time	<i>6-18 Months / 12 Months</i>

Our company has been in business since 1995 and has sufficient knowledge, education, experience, resources and/or contacts to competently complete this assignment. The accompanying report contains data secured from my personal investigation and from sources considered to be reliable; however, correctness is not guaranteed. To the best of my knowledge and belief, the statements contained in this report are true and correct. Neither my employment to make this appraisal, nor the compensation, is contingent upon the value reported. This report has been prepared in conformity with the code of professional ethics and standards of professional appraisal practice of the Appraisal Institute and appraisal standards set forth by Uniform Standards of Professional Appraisal Practice.

Sincerely,



Andrew J. Lewis

Certified General MN 20391975



Molly J. Lewis

Certified General MN 20391975

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SUMMARY OF IMPORTANT FACTS & CONCLUSIONS

Basic Information			
Street Address	12395 Forestview Dr, Baxter, MN		
County	Crow Wing	Report Type	Appraisal Report (Concise Format)
Property Use	Det SF-Res	Effective Date	11/30/2018
Occupancy	Vacant Land	Inspection Date	11/30/2018
Property Owner	Mangan, Michael D & Marian	Report Date	1/4/2019
Interest Appraised:	Fee Simple	Prosp Date/Completion	N/A
Site Information			
Gross Site Area (SF)	46,695	Site Utility	Average
Gross Site Area (Ac)	1.07	Topography/Shape	Rectangular
Surplus/Excess Land	N/A	Frontage/Access	Average
Flood Zone/Map	Appears No; See Flood Map	Visibility	Average
Land to Bldg. Ratio	N/A	Location Rating	Average
Building Information			
Type of Building	Det SF-Res.	Actual Age	24
Type of Construction	Wood Frame	Year Built/Effective Age	1994/E 12
Foundation	Concrete Slab & Footings	Est. Remaining Life	38
Number of Buildings	One	Year Renovated	Average
Gross Building Area	1,512	Quality	Average
Net Rentable Area	N/A	Condition	Average
Number of Stories	1-Story	Deferred Maintenance	None apparent
Governmental Information			
Assessing Authority	Crow Wing	Municipality	Baxter
Property ID #	010184200D00009	Current Zoning	R1 - Low Density Residential
Current Tax Year	Payable 2018	Current Use Permitted?	Yes
Assessor's Value	\$160,600	Zoning Change?	None Reported
Taxes Payable	\$1,717	Zoning Variance	None Reported
Delinquent Taxes?	None Apparent	Tax Grievance	None Apparent
Assessed Value	The tax ratio is market appropriate. The overall assessed value is market appropriate, though the land only value is strong relative to market norms.		
Highest & Best Use			
As Vacant		As Improved	
Single-Family Residential		N/A	

Before & After Summary	
Before Value Opinion	\$176,904
After Value Opinion	\$192,024
Total Benefit	\$15,120

INTRODUCTION

The subject is a one-story residential dwelling located in Baxter, MN. The site totals 1.07 acres, is rectangular in shape, and is located along Forestview Dr just east of the Hwy 371 corridor and north of the Mississippi River. The improvements were constructed in 1994, and exhibit relatively average quality/condition relative to market norms. Sewer/water is not currently available in the subject area.

Project Description: The City of Baxter is investigating the possibility of extending municipal sewer and water services to the subject area as well as repaving the area roadways. The project is somewhat preliminary at this time, and no start or completion dates are established.

Methodology: The appraisal will consider the before and after value of the subject parcel, accounting for the road condition and private/municipal utilities. The before value (older vintage roads with private utilities) will be presented first, with the after value (newer vintage roads with municipal utilities) analyzed second in the rear of the report.

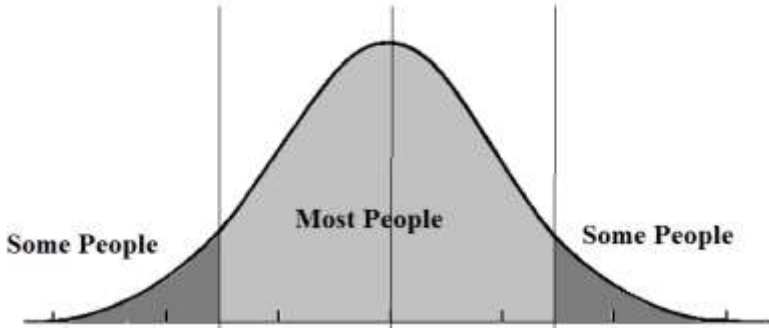
INTENDED USE OF THE APPRAISAL

Intended Use:	Decision-Making Regarding a Possible Street/Sewer/Water Project
Intended User:	City of Baxter
	This appraisal assignment was requested by the named client for the sole use of the named intended users. No party, other than the named intended users, may use or rely upon any part of this report without the prior written authorization of both the named client and the appraiser. This report is not valid unless it contains the original signatures in blue ink . Any unauthorized third party relying upon any portion of this report does so at its own risk.
Client:	City of Baxter
	Attn: Bradley Chapullis, City Administrator
	13190 Memorywood Drive
	Baxter, MN 56425

DATES OF APPRAISAL

Effective Date:	11/30/2018	
Inspection Date:	11/30/2018	
Report Date:	12/20/2018	

VALUE TYPE, CONDITION & STABILITY OF PROPERTY

Type of Value:	Market Value
	<p>MARKET VALUE - The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:</p> <ul style="list-style-type: none"> a) buyer and seller are typically motivated; b) both parties are well informed or well advised, and each acting in what they consider their own best interest; c) a reasonable time is allowed for exposure in the open market; d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and e) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. <p>Source: OCC 12 CFR 34.42 - Definitions</p>
	<div style="text-align: center;"> <p>Average Person</p>  <p>Some People Most People Some People</p> </div> <p>The appraised value opinion is considered to be indicative of the most probable price within the subject market. The actions of buyers and sellers operating in said market generally reflects a bell curve, with most participants and prices in the middle of the curve. However, there are right and left tail market participants that may have a different perception of value than most buyers/sellers resulting in a willingness to pay more or less than the appraised value opinion.</p>
Condition of Value:	As-Is Value
	The value concluded reflects the <u>As-Is</u> value as of the effective date of the appraisal.
Occupancy:	Stabilized
	The property is an owner-occupied single-family residence. As such, the property is considered <u>Stabilized</u> for valuation purposes.

PROPERTY RIGHTS APPRAISED

Real property ownership consists of a group of distinct rights. There are two primary property rights, Fee Simple and Leased Fee (as defined by The Appraisal of Real Estate, 13th Edition, Appraisal Institute).

Fee Simple Interest: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. Note: This would typically reflect an owner-occupied property. When the property rights appraised are the unencumbered fee simple interest of the real estate, the appraised value is subject to normal easements for drainage, public streets and utilities, if any. The effect of any existing mortgage or delinquent taxes on the subject property has not been considered in this appraisal.

Leased Fee Interest: The ownership interest held by a lessor (landlord), which includes the right to the contract rent specified in the lease plus reversionary right when the lease expires. The lessor's interest in a property is considered a leased fee interest regardless of the duration of the lease, specified rent, the parties to the lease, or any of the terms in the lease contract.

A leased property, even one with rent that is consistent with market rent, is appraised as a leased fee interest, not as a fee simple interest. Even if the rent of the lease terms are not consistent with market terms, the lease fee interest must be given special consideration and is appraised as a leased fee interest. (The Appraisal of Real Estate, 13th Edition, Page 114)

The subject appears to be an owner-occupied single-family residence with no known or reported leases in place. As such, the **fee simple interest** will be appraised.

PROPERTY COMPONENTS APPRAISED

Real Estate: The appraised value includes the Real Estate value opinion. The methods utilized for the real estate valuation include:

- Sales Comparison Approach

FF&E: Not included.

Intangibles: Not included.

SCOPE OF THE APPRAISAL REPORT

USPAP defines Scope of Work as: The type and extent of research and analyses in an assignment.

For each appraisal, appraisal review and appraisal consulting assignment, an appraiser must:

- 1) *Identify the problem to be solved,*
- 2) *Determine and perform the scope of work necessary to develop credible assignment results; and*
- 3) *Disclose the scope of work in the report.*

1)	Provide a reasonably supported value opinion as it relates to the intended use & scope.
2)	Per assignment request (see addenda for engagement letter), the following degree of research and analysis has been made. The narrative format used is an Appraisal Report (concise), which is intended to comply with the reporting requirements set forth under Standards Rule 2-2a of USPAP. See individual approaches for further detail.
3)	<p>The scope of work for this appraisal includes:</p> <ul style="list-style-type: none"> • a) <i>Property Identification:</i> Public record, plat maps, zoning maps and aerial photographs were used to identify the subject property. • b) <i>Property Inspection:</i> <u>A viewing of the subject property (exterior drive-by only, per client request) and neighborhood by the appraiser.</u> <i>Financial factors:</i> The appraiser requested from the property representative income, rental and expense information on the property. <i>Physical factors:</i> The appraiser requested from the property representative building/site plans (if applicable), and info related to property issues. Based on property viewing and conversations with the client, city and county officials. Lot size is based on information deemed reliable. <i>Economic Factors:</i> Consisted of gathering of information from market experts, city and/or county offices, and internet about the region, community, neighborhood, zoning, utilities, and any pending projects in the area that may affect the subject property. • c) <i>Extent of Data Researched:</i> Sales data of competing properties within the subject market area were given primary consideration. The most relevant data is used in this report. Sources include, appraiser data files, assessor, internet, developers, agents, MLS, periodicals, in-office library, etc. In addition, during the course of appraisal practice and of this appraisal process, the appraiser has had ongoing discussions with market participants (buyers, sellers, property managers, real estate agents/brokers, appraisers, etc.) and/or viewed market data in relation to how the current real estate market may impact the subject value. The appraiser has not researched the title or ownership records. • d) <i>Type and Extent of Analysis Applied at Opinions or Conclusions:</i> An extensive review of market data was performed. The most recent, similar and proximate data has been used. The data used will be adjusted on a grid. Reasonable and appropriate collection, verification, analysis and viewing has been performed in the valuation approaches, given the purpose and intended use of the report. A final value opinion will be discussed and correlated.

The data used was obtained from sources considered credible, yet its accuracy is not guaranteed. If found otherwise the value could differ.

IDENTIFICATION

Address:	12395 Forestview Dr, Baxter, MN	
County / Municipality:	Crow Wing	Baxter
PID:	010184200D00009	
Legal Description: <i>(per County)</i>	THAT PART OF NW1/4 OF SE1/4 SECTION 18 DESCRIBED AS FOLLOWS; COMM. AT THE NE CORNER OF SAID NWSE, THEN S. 0 DEG 32 MIN 10 SEC E, BEARING BASED ON THE CROW WING COUNTY COORDINATE SYSTEM, 456.01 FT ALONG THE E. LINE OF SAID NWSE, THEN N. 89 DEG 47 MIN 37 SEC W. 37.50 FT ALONG THE S. LINE OF THE N. 455.97 FT OF SAID NW1/4 OF SE1/4 TO THE W. LINE OF FORESTVIEW DRIVE, MISSISSIPPI B LUFFS, ACCORDING TO THE PLAT THEREOF ON FILE IN THE OFFICE OF THE CROW WING COUNTY RECORDER, TO THE POINT OF BEG, THEN N. 89 DEG 47 MIN 37 SEC W. 180 FT CONTINUING ALONG THE S. LINE OF THE N. 455.97 FT OF SAID NWSE, THEN S. 0 DEG 32 MIN 10 SEC E. 260 FT, THEN S. 89 DEG 47 MIN 37 SEC E. 159.74 FT, THEN NELY 31.68 FT ALONG A TANGENTIAL CURVE CONCAVE TO THE NW HAVING A RADIUS OF 20.0 FT & A CENTRAL ANGLE OF 90 DEG 44 MIN 33 SEC TO THE W. LINE OF FORESTVIEW DRIVE, THEN N. 0 DEG 32 MIN 10 SEC W. 239.74 FT ALONG SAID W. LINE OF FORESTVIEW DRIVE TO THE POINT OF BEG. SUBJECT TO EASEMENTS, RESERVATIONS OR RESTRICTIONS OF RECORD.	
Fee Owner:	Mangan, Michael D & Marian	
Interest Appraised:	Fee Simple	
Report Type:	Appraisal Report (Concise Format)	

REAL ESTATE TAXES

Taxes, per County Records				
	Payable 2018		Payable 2019	
Tax	\$1,717.00		N/A	
Tax Ratio / Taxes per SF	1.1%	N/A	N/A	N/A
Specials, Fees, Other	\$15.00		N/A	
Total Tax & Assessments	\$1,732.00		N/A	
Delinquent Taxes	None Apparent			
Tax Grievance	None Apparent			
COUNTY ASSESSOR'S VALUE				
	Payable 2018		Payable 2019	
Land	\$44,100		\$44,700	
Building	<u>\$116,500</u>		<u>\$117,700</u>	
TOTAL	\$160,600		\$162,400	
\$ per Total Finished SF	\$106.22		\$107.41	
The tax ratio is market appropriate. The overall assessed value is market appropriate, though the land only value is strong relative to market norms.				

Typical Tax Ratios by Property Type	
Commercial (retail, office, industrial, hotel, other, etc.)	1.5% – 4.0%
Residential (multi-family, apartment, etc.)	0.9% – 1.5%
Single-family dwellings	0.8% – 1.5%

The appraised value given in this report assumes any/all special assessments, and/or liens are paid in full and that there are no delinquent or deferred taxes, fees, payments, association dues, etc. Should it be found that any of these exist the amount should be deducted from the appraised value. Appraiser did not research these items; typically, a title search would reveal any of these.

SUBJECT SALES & BUILDING HISTORY

Listing History:	The property is not known or reported to be listed for sale.	
Sales History:	<i>Comments:</i>	There are no known or reported sales of the subject within the past 3 years.
Building History:	The subject is a one-story residential dwelling located in Baxter, MN. The site totals 1.07 acres, is rectangular in shape, and is located along Forestview Dr just east of the Hwy 371 corridor and north of the Mississippi River. The improvements were constructed in 1994, and exhibit relatively average quality/condition relative to market norms. Sewer/water is not currently available in the subject area.	
Lease History:	None; there are no known or reported leases for the subject property.	
Leasehold Interest:		
Association Dues:	N/A, the subject is not part of a common interest community.	





AREA DATA

City: Baxter has a reputation as a stable community. Highway 210 and Highway 371 provide access to surrounding communities. Major shopping and commerce are convenient and nearby. There are no apparent adverse influences.

Market Conditions Overview: After viewing the area and considering recent publications, news articles and comments from market participants, it is concluded that the overall residential market in the subject area is somewhat stable.

The state of the macro economy (international, national, state, etc.) was deemed to be poor since its peak in 2006, but is showing ongoing signs of stabilization. Many economists have termed the economic decline as the "The Great Recession", which is largely considered to be over. Some property types experienced significant decline, particularly special use, recreational, high-end and outlying development properties. While total recovery is expected to span several years, recent trends indicate some recovery. Since 2011, the economy has shown slow/stable growth; the unemployment rate has declined and most property types have shown stabilized to improved pricing.

Market Listings:

Market Listings							
	Location	Use	Acres	BR/B	TFSF	List Price	\$ / TFSF
	12053 Forestview Dr, Baxter, MN	SF-Res.	0.6	5 / 3	2,322	\$229,900	\$99.01
Comments: Proximate location along Forestview Dr. Multi-level split design. Private well/septic.							
	11410 Forestview Dr, Baxter, MN	SF-Res.	0.8	4 / 3	3,092	\$280,000	\$90.56
Comments: Proximate location along Forestview Dr. 2-Story design. Private well/septic.							
	5341 Birchdale Ln, Baxter, MN	SF-Res.	0.7	4 / 2	2,028	\$184,900	\$91.17
Comments: Single-story. Inferior quality/appeal and older vintage. Municipal utilities.							
	8402 Red Pine Circle, Baxter, MN	SF-Res.	0.5	4 / 4	3,300	\$209,900	\$63.61
Comments: Proximate single-story home for sale. Municipal utilities.							
Overall Market Condition:					Stable to Improving		

List prices are highly variable based on location, zoning and exposure.


LOCATION MAP



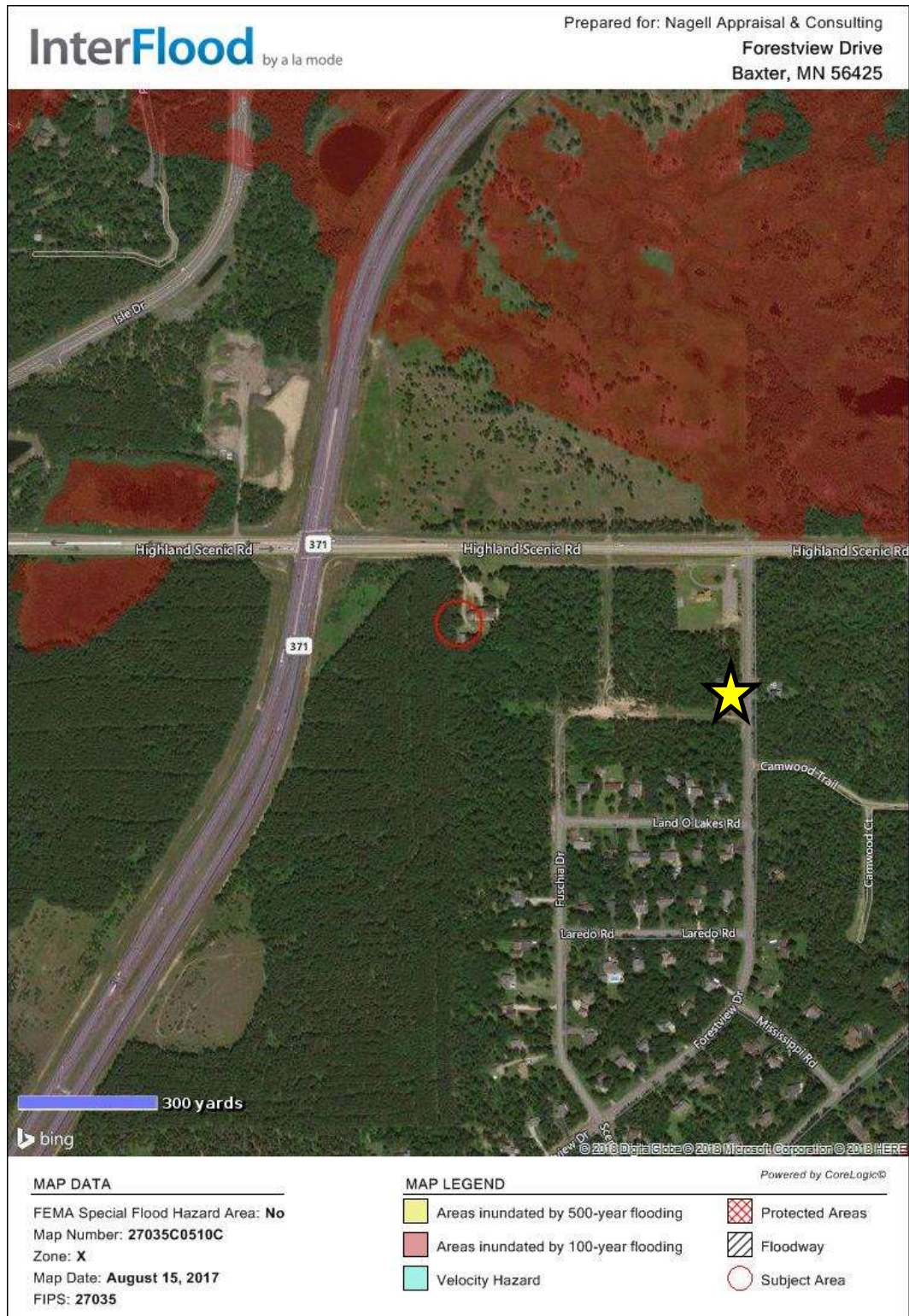
SITE DESCRIPTION

Gross Site Size: <i>(per county)</i>	SF:	46,695
	Acres:	1.07
Useable Site Size: <i>(less est. non-useable, per GIS)</i>	SF:	46,695
	Acres:	1.07
Physical Characteristics:		Rectangular
Topography/Low:		Gently Rolling / Nominal Apparent
Soil Conditions/Drainage:		Assumed Stable / Appears Average
Utilities:		
<i>Electricity/Gas</i>		Yes
<i>Water/Sanitary Sewer</i>		Private
Off-Site Improvements:		
<i>Street/Curb/Gutter:</i>		Bituminous / None / None
<i>Sidewalk/Alley:</i>		None
<i>Street Lights:</i>		Average
<i>Storm Sewer:</i>		None
<i>Street Impvt Rating:</i>		Fair
Access to Site/Number:		Forestview Dr / Average
Frontage:		Forestview Dr
Ingress/Egress:		Average
Visibility/Exposure:		Average
Flood Hazard Zone:		Appears No; See Flood Map
Apparent Easements:		Typical Utility & Drainage
Encroachments/Conditions:		None Apparent
Use:		Det SF-Res
Functional Adequacy:		Average
Surplus/Excess Land:		N/A
Surrounding Uses:	N:	Church
	S:	LD-Res Land
	E:	Detached SF-Residential / LD-Res Land
	W:	LD-Res Land
Distance to Major Road:		1/4 mile E of the Highway 371 corridor.

ZONING

R1 - Low Density Residential	
	
Purpose	
<p>A. To establish areas for the development of single-family detached housing at a maximum density of up to three (3) units per net acre. B. To reserve development areas for single-family housing. C. To restrict encroachment of incompatible uses. D. To maintain density limitations. E. To take advantage of municipal utilities. F. To preserve open space.</p>	
Permitted Uses	
<p>Include but are not limited to one-family detached dwellings, essential services, public parks, etc.</p>	
Site Requirements	
Minimum Lot Size =	15,000 SF
Minimum Lot Width =	100' to 120'
Setback Requirements =	40' (front), 10'-40' (side), 30' (rear)
Current Use Permitted?	Yes
Zoning Change Applied For?	None Reported
Zoning Variance Applied For?	None Reported
Source: City zoning code and zoning map	

FLOOD MAP



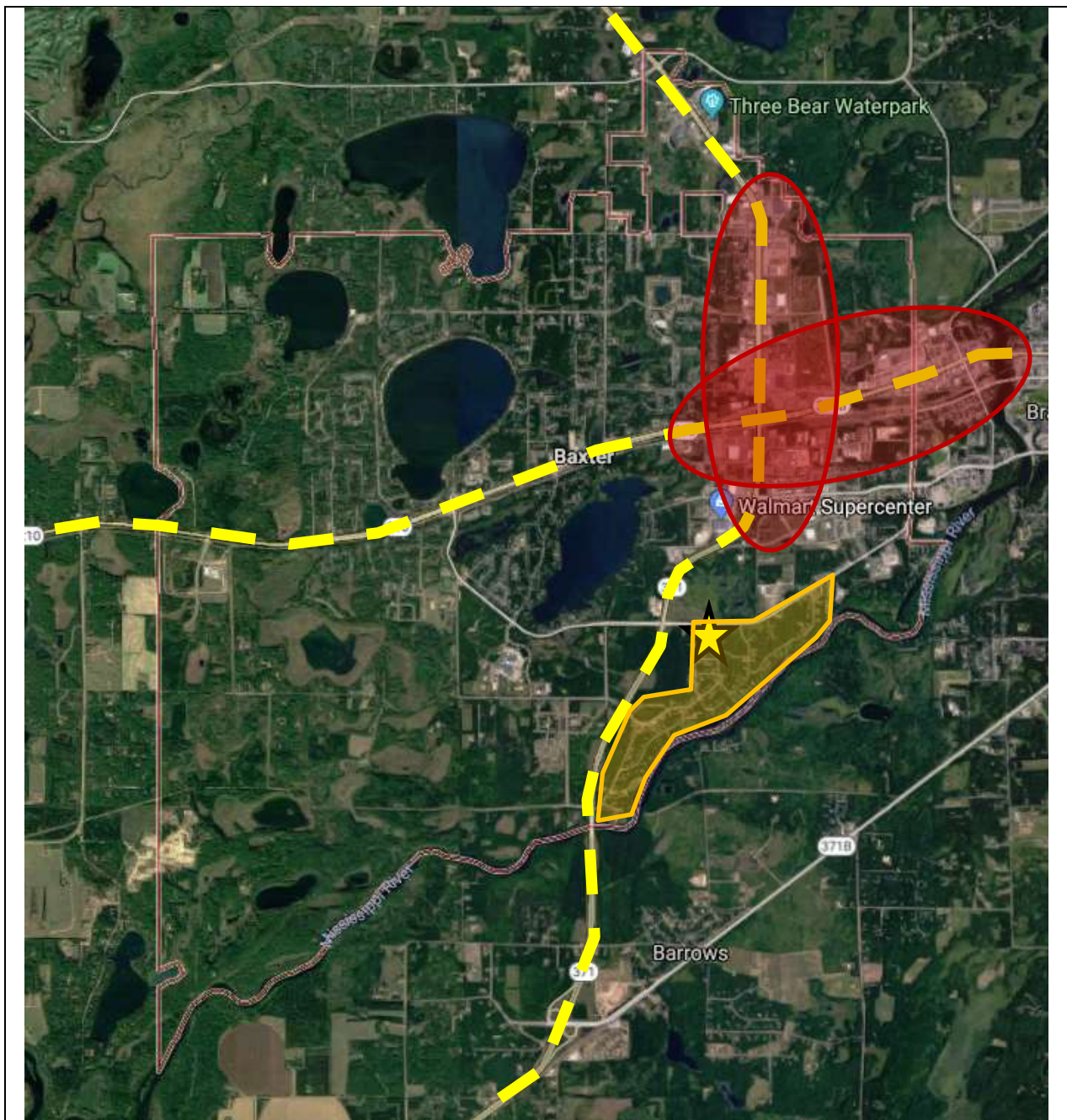
per InterFlood / Outline is Approx.

AERIAL PLAT MAP



Per Crow Wing County GIS / Red outline (if any) reflects non-useable site area

AERIAL & SURROUNDINGS



Orange Shading	Project Area
Yellow Dashed Line	Primary Highway Corridors
Red Shaded Ellipses	Primary Retail/Commercial Nodes
No Outline:	Primarily Residential, Public & Institutional Uses
Per Google Maps	

SUBJECT PHOTOGRAPHS



Front View (file photo)



Forestview Dr S Looking S

HIGHEST AND BEST USE

Site as Vacant: The Highest and Best Use for the subject property as vacant is for single-family residential development as market demand warrants and zoning allows.

Site as Vacant: The Highest and Best Use for the subject property as improved is for the existing detached single-family residential use.

Most Probable Buyer: Owner-Occupant

COST APPROACH

Due to large and subjective depreciation adjustments, the **Cost Approach** is considered a less reliable indicator of value, and not necessary for a reliable value analysis.

INCOME APPROACH

Very limited rental data (rent rates, cap rates, expenses, vacancy, etc.) of single-family residential dwellings renders the **Income Approach** an unreliable indicator of value. Therefore, the Income Approach is not included.

SALES COMPARISON APPROACH

The Sales Comparison Approach to Value is predicated upon sales of properties with similar characteristics as the subject. The primary premise of this approach is that the market value of the subject is directly related to the prices of competing properties after adjustment. Adjustments are made in an effort to account for significant differences.

Supply and Demand: Sales in the market result from negotiations between buyers, sellers and lenders. Buyers reflect market demand and sellers supply. If demand is high, prices tend to increase, if it is low, prices usually decrease.

Substitution: The principle of substitution holds that the value of a property tends to be set by the price paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time (The Appraisal of Real Estate, 13th Edition). The sales comparison approach is less reliable if substitute properties are not available in the market.

Balance: The market tends to force a balance between supply and demand. Balance can change due to shifts in population, variations in purchasing power, consumer tastes and preference, and time.

Externalities: When possible, select comparables with similar location, economic conditions and support facilities.

The Following Outline Is Used In The Sale Comparison Approach:

- A location map of the comparable building sales.
- Comparable building sales are listed.
- An adjustment grid using the comparable sales.
- A discussion of adjustment and conclusion of value.

Primary Data Selection Criteria/Scope:

- Detached Single-Family Home Sales
- Emphasis on the Baxter/Brainerd Area

Sales Comparison Approach -- continued

Comparable Location Map



Sales Comparison Approach -- continued

COMPARABLE 1

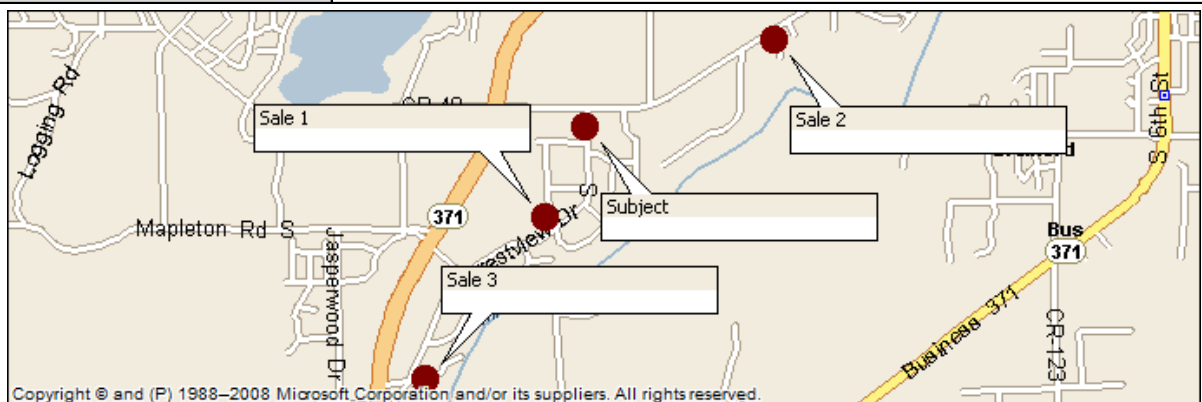


Property Data

Address:	12073 Fuschia Dr, Baxter, MN		
Bedrooms:	3	Bathrooms:	2
Year Built / Effective Age:	1998/E10	Site size:	64,469
Quality/Appeal:	Average	Road/Utilities:	Fair/Private
Condition:	Average	Design:	1-Story
Total Finished SF:	1,152	Garage:	2-Att
Comments:	Similar 1-story slab-on-grade design. Proximate location. Private utilities.		

Sale Data

Sale Price:	\$146,101	Price/SF (Tot. Fin.):	\$126.82
Sale/Close Date:	3/31/2017		
Property Rights:	Fee Simple	Buyer:	Thesing, CM & ME
Financing:	Conventional	Seller:	Ohman, DS
Conditions:	Typical	Source/Verification:	MLS/Realist
Comments:	Typical arm's length transaction with market exposure (MLS) apparent. Sale price above equal to \$152,400 less a \$6,299 seller contribution.		



Sales Comparison Approach -- continued

COMPARABLE 2

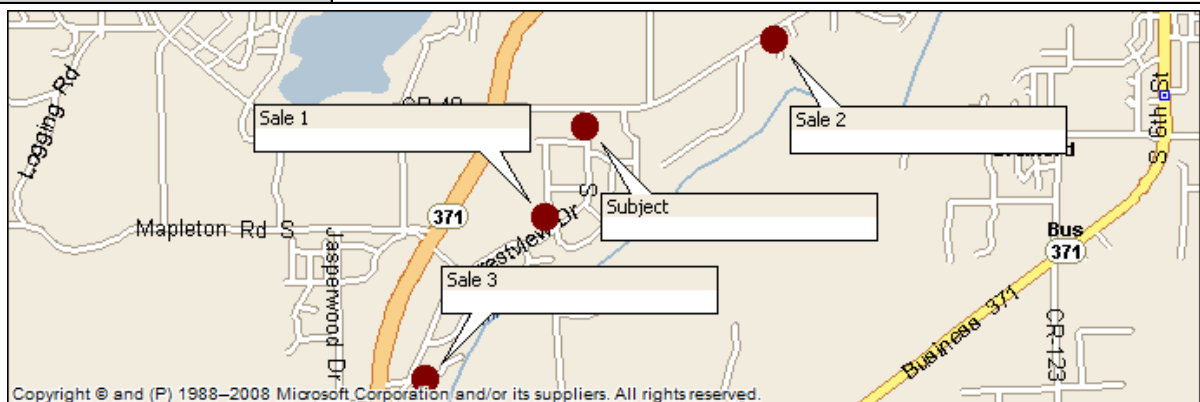


Property Data

Address:	12689 Chestnut Dr, Baxter, MN		
Bedrooms:	3	Bathrooms:	2
Year Built / Effective Age:	1999/E10	Site size:	22,651
Quality/Appeal:	Average	Road/Utilities:	Fair/Private
Condition:	Average	Design:	1-Story
Total Finished SF:	1,424	Garage:	2-Att
Comments:	Similar 1-story slab-on-grade design. Proximate location. Private utilities.		

Sale Data

Sale Price:	\$148,000	Price/SF (Tot. Fin.):	\$103.93
Sale/Close Date:	6/29/2017		
Property Rights:	Fee Simple	Buyer:	Liddington, JF & CF
Financing:	Conventional	Seller:	Keppers, LE & DK
Conditions:	Typical	Source/Verification:	MLS/Realist
Comments:	Typical arm's length transaction with market exposure (MLS) apparent. Sale price was \$150,000 less a \$2,000 seller contribution.		



Sales Comparison Approach -- continued

COMPARABLE 3

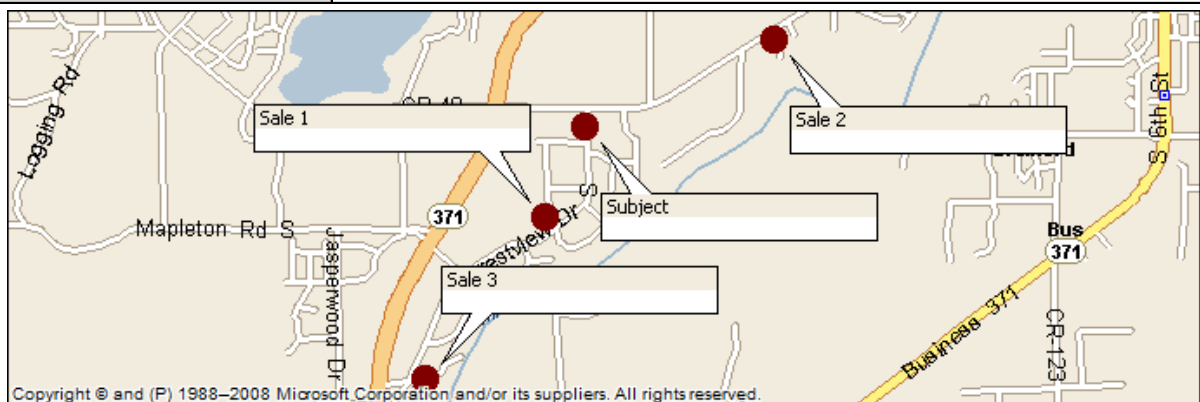


Property Data

Address:	6550 Parkview Cir, Baxter, MN		
Bedrooms:	3	Bathrooms:	3
Year Built / Effective Age:	1999/E10	Site size:	31,799
Quality/Appeal:	Avg/Good	Road/Utilities:	Fair/Private
Condition:	Average	Design:	1-Story
Total Finished SF:	1,584	Garage:	2-Att
Comments:	Similar 1-story slab-on-grade design. Superior quality/appeal. Proximate location. Private utilities.		

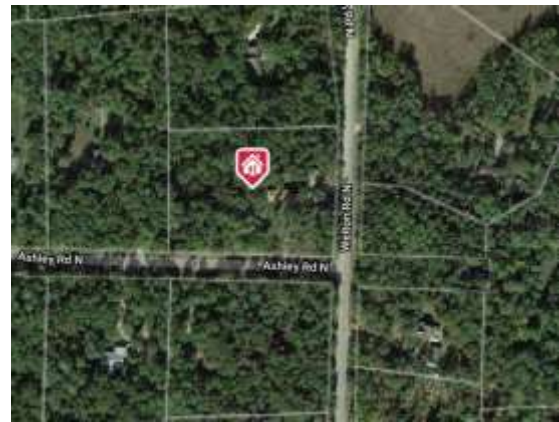
Sale Data

Sale Price:	\$179,300	Price/SF (Tot. Fin.):	\$113.19
Sale/Close Date:	10/16/2017		
Property Rights:	Fee Simple	Buyer:	Kephart, Susan
Financing:	Market	Seller:	Mke Properties LLC
Conditions:	Typical	Source/Verification:	MLS/Realist
Comments:	Typical arm's length transaction with market exposure (MLS) apparent. Sale price was \$186,900 less a \$7,600 seller contribution.		



Sales Comparison Approach -- continued

COMPARABLE 4

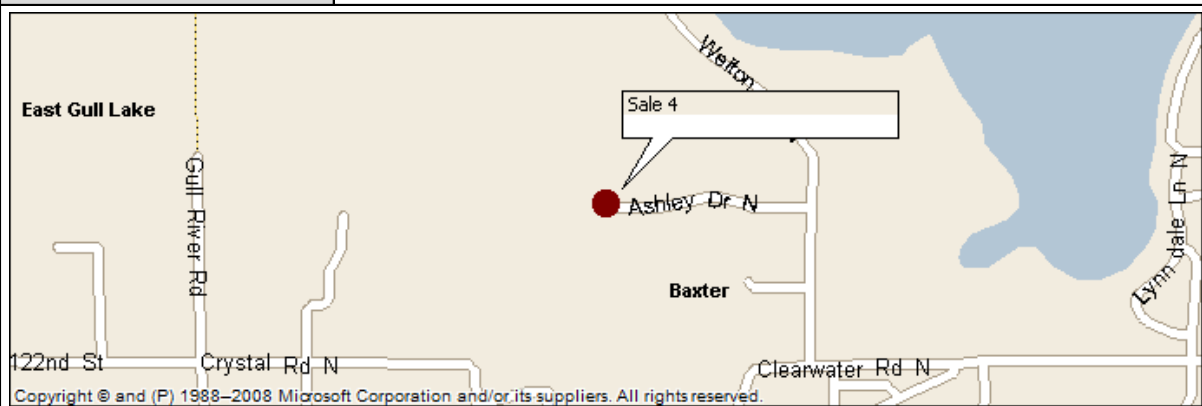


Property Data

Address:	4972 Ashley Rd, Baxter, MN		
Bedrooms:	4	Bathrooms:	2
Year Built / Effective Age:	1994/E12	Site size:	126,760
Quality/Appeal:	Average	Road/Utilities:	Fair/Private
Condition:	Average	Design:	Split
Total Finished SF:	1,724	Garage:	2-Att
Comments:	Other buildings include an appealing lakefront boathouse with rooftop deck and a detached 2-stall garage. Log construction.		

Sale Data

Sale Price:	\$196,000	Price/SF (Tot. Fin.):	\$113.69
Sale/Close Date:	10/12/2018		
Property Rights:	Fee Simple	Buyer:	Stephens, JD & BA
Financing:	Market	Seller:	Buttenhoff, BD & DL
Conditions:	Typical	Source/Verification:	MLS/Realist
Comments:	Typical arm's length transaction with market exposure (MLS) apparent.		



Sales Comparison Approach -- continued

COMPARABLE 5



Property Data

Address:	10095 Crow Wing Hts Dr, Brainerd, MN		
Bedrooms:	4	Bathrooms:	2
Year Built / Effective Age:	1999/E10	Site size:	126,760
Quality/Appeal:	Average	Road/Utilities:	Avg/Private
Condition:	Average	Design:	1-Sty+Pt Bsmt
Total Finished SF:	1,530	Garage:	3-Det
Comments:	Similar design. Acreage lot. 130 SF of finished basement included in TFSF.		

Sale Data

Sale Price:	\$167,810	Price/SF (Tot. Fin.):	\$109.68
Sale/Close Date:	9/15/2017		
Property Rights:	Fee Simple	Buyer:	Veicht, PK & GC
Financing:	Conventional	Seller:	Neyens, JS & JL
Conditions:	Typical	Source/Verification:	MLS/Realist
Comments:	Typical arm's length transaction with market exposure (MLS) apparent. Sale price was \$173,000 less a \$5,190 seller contribution.		



Sales Comparison Approach -- continued

Listed below is the adjustment grid for the comparables listed on the previous pages. Comparable items of significant difference are adjusted for. Stable market; no time adjustment.

ADJUSTMENT GRID						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Address	12395 Forestview Dr, Baxter, MN	12073 Fuschia Dr, Baxter, MN	12689 Chestnut Dr, Baxter, MN	6550 Parkview Cir, Baxter, MN	4972 Ashley Rd, Baxter, MN	10095 Crow Wing Hts Dr, Brainerd, MN
Proximity	Subject	1/4 mile SW	1 mile NE	1 mile NE	3.5 miles NW	3 miles SE
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Market	Conventional	Conventional	Market	Market	Conventional
Conditions	Typical	Typical	Typical	Typical	Typical	Typical
Sale Date	Current	Mar-17	Jun-17	Oct-17	Oct-18	Sep-17
Location	Average	Average	Average	Average	Average	Average
Site SF	46,695	64,469	22,651	31,799	126,760	126,760
Road/Utilities	Fair/Private	Fair/Private	Fair/Private	Fair/Private	Fair/Private	Avg/Private
Age	1994/E12	1998/E10	1999/E10	1999/E10	1994/E12	1999/E10
Bedrooms	4	3	3	3	4	4
Bathrooms	2	2	2	3	2	2
Quality/Appeal	Average	Average	Average	Avg/Good	Average	Average
Condition	Average	Average	Average	Average	Average	Average
Design	1-Story	1-Story	1-Story	1-Story	Split	1-Sty+Pt Bsmt
Garage	2-Att	2-Att	2-Att	2-Att	2-Att	3-Det
Sale Price	N/A	\$146,101	\$148,000	\$179,300	\$196,000	\$167,810
Tot. Fin. SF	1,512	1,152	1,424	1,584	1,724	1,530
\$ Per Tot Fin SF	--	\$126.82	\$103.93	\$113.19	\$113.69	\$109.68
Adjustments						
Property Rights	Fee Simple					
Financing	Market					
Conditions	Typical					
Net Adjust	--	0%	0%	0%	0%	0%
Part Adj. \$/SF		\$126.82	\$103.93	\$113.19	\$113.69	\$109.68
Sale Date	Current	5%	5%	3%		4%
Equalized \$/SF	--	\$133.16	\$109.13	\$116.59	\$113.69	\$114.07
Location	Average					
Site SF	46,695	-2%	3%	2%	-8%	-10%
Road/Utilities	Fair/Private					
Age	1994/E12	-2%	-2%	-2%		-2%
Bedrooms	4	10%	10%	8%		
Bathrooms	2			-3%		
Quality/Appeal	Average			-5%		
Condition	Average					
Design	1-Story				10%	
Garage	2-Att					-3%
Tot. Fin. SF	1,512	-5%				
Net Adjust	--	1%	11%	0%	2%	-15%
Adjusted Price	--	\$134.28	\$121.55	\$116.22	\$115.77	\$97.48

Sales Comparison Approach -- continued

Discussion of Adjustments

Property Rights: The impact ownership interest has on the sale price due to leases in place or other encumbrances tied to the property. No adjustment necessary.

Financing: The impact financing may have had on the sale price, favorable interest rate or term. All sales were cash or estimated to be near or at market rates.

Conditions of sale: Reflects non-market conditions that may or may not impact the sale price, such as differing motivations of buyer or seller (related parties, distressed or liquidation sale, assemblage, listings, pending sales, etc.), impending eminent domain proceedings, influence due to tax ramifications or lack of market exposure. No adjustments necessary.

Market Conditions: Residential properties appear to be appreciating (see chart below). As such, a 3% annual adjustment is applied.



Location: This adjustment is based on the appraiser's judgment. It takes into consideration surrounding land uses, intended use, neighborhood characteristics and access. No adjustments necessary.

Site Size: Site size is adjusted at \$0.20/SF of difference from the subject property.

Sales Comparison Approach -- continued

Road/Utilities: Adjustments recognize properties with newer roadways and municipal utilities tend to sell for a premium over those with older vintage roadways and private well/septic. No adjustments necessary.

Age: Adjustments made at a rate of 1% per difference in effective age.

Bedrooms: Adjusted at \$15,000 per bedroom difference from the subject property.

Bathrooms: Adjusted at \$6,000 per bathroom difference from the subject property.

Quality/Appeal: The subject has average quality/appeal. Comparable 3 is adjusted for slightly superior quality finishes and appeal.

Condition: No adjustments necessary.

Design: One-level properties are more costly to construct and tend to sell for a premium over multi-level homes or homes with substantial below grade space included in the total finished square footage. Comparable 4 is adjusted for an inferior design with more below grade space included in the TFSF.

Garage: Comparable 5 is adjusted for having more garage stalls, which is appealing in the market.

Total Finished SF: As property size increases, the cost and price per SF tends to decline somewhat. Comparable 1 is adjusted for smaller size.

Sales Comparison Approach -- continued

Conclusion: Comparables used are rated to be the most indicative of data analyzed and bracket the subject regarding overall appeal. The comparables utilized in this analysis each have several characteristics in common with the subject. While none are totally identical to the subject, each represents a viable alternative to a prospective buyer of the subject property and, after adjustment, can be utilized as an indicator of market value for the subject property.

Data Summary	Minimum	Maximum	Average	Median
Before Adjustment	\$103.93	\$126.82	\$113.46	\$113.19
After Adjustment	\$97.48	\$134.28	\$117.06	\$116.22

The average is slightly higher after adjustment, due in large part to bedroom adjustments. All comparables are given about equal weight. Given the data, the following value is concluded.

Correlated Value / SF	\$117.00	Before Market Value
Value Opinion	\$176,904	
Value Opinion (rnd.)	\$176,904	

SALES COMPARISON APPROACH – *Before Project:*

\$176,904

RECONCILIATION

Value Conclusions			
Due to large and subjective depreciation adjustments, the Cost Approach is considered a less reliable indicator of value, and not necessary for a reliable value analysis.			
Very limited rental data (rent rates, cap rates, expenses, vacancy, etc.) of single-family residential dwellings renders the Income Approach an unreliable indicator of value. Therefore, the Income Approach is not included.			
The Direct Sales Comparison Approach to value analyzed recent sales of properties as compared with the characteristics of the subject property. Adjustments were made to the comparables to make them as similar to the subject as possible. This results in an indication of market value at which the typical buyer would be willing to pay for the subject property. The comparables used are all competing properties located in the subject market and are considered to provide a reliable estimate of market value. Sales data for the subject property was fair/adequate.			
Conclusion: The Sales Comparison Approach is considered the only relevant indicator of value. Therefore, the appraised value opinion is:			
Final Value Opinion - Before			
Before	Value Opinion by Cost Approach	Not Applied	
	Value Opinion by Sales Comparison Approach	\$176,904	\$117.00 per TFSF
	Value Opinion by Income Approach	Not Applied	
	Final Value Opinion	\$176,904	\$117.00 per TFSF
Properties that are unstable, distressed, or have unusual condition and/or motivated sellers tend to sell below market value. Based on market observations and discussions with various market experts, discounts for such properties can range from 10 to 50% + when compared to normal market transactions.			

AFTER ANALYSIS

The neighborhood, site, regional, aerial, comparables, descriptions, etc. are the same in the before as the after (unless otherwise noted on the following pages). The highest and best use of the site remains for speculation regarding low density single-family residential development or a competing use as market demand warrants and zoning allows.

Project Description: The City of Baxter is investigating the possibility of extending municipal sewer and water services to the subject area as well as repaving the area roadways. The project is somewhat preliminary at this time, and no start or completion dates are established.

Existing Road Condition: Overall, the existing road around the subject and in the overall project were rated to be in fair condition, with substantial fatigue/alligator, longitudinal and transverse cracking apparent. The pavement condition index (PCI) rating for the subject roads in 2016 ranged from 3-5 out of a possible 10, with 10 being a new road and 0 being a road at the end of its physical life. The Public Works Director/City Engineer indicates all roads are believed to have worsened in the time since the last index rating was taken.

Proposed Road Improvements: The project will result in a new bituminous roadway. No curb or gutters are to be installed.

Existing Utility Condition: Currently properties in the project area have private well and septic systems. The ages of said systems is not known, but given most properties in the area were constructed approximately 20+ years ago, it is reasonable to assume many systems are dated.

Proposed Utility Improvements: The project will result in the installation of municipal sanitary sewer and water services to the properties.

After Analysis -- continued

Discussion of Market Benefit: Listed below are the factors that will be taken into consideration concerning the potential benefit to the subject property.

Right-of-Way Acquisition (ROW): Used for right of way related purposes (road construction, ponding, etc.). The county will acquire this area in fee. The county reported the following ROW for the project.

Project Impact Table		
Before & After Project Analysis		
Site Characteristic	Before	After
Road Surface	Fair	New
Base Condition	Fair	New
Curb	None	None
Drainage	Average	Updated to Limit Standing Water
Storm Sewer	None	None
Municipal Water	None	New
Municipal Sewer	None	New
Sidewalk	None	None
Street Lights	None	None
Power Lines	N/A	N/A
Functional Design of Road	Fair	New
Traffic Management	N/A	N/A
Pedestrian Use (biking, walking, etc.)	Fair	New
Median	N/A	N/A
Road Proximity of Properties	Average	Average
Dust	N/A	N/A
Visual Impact on Properties	Average	New
Side Street Users	N/A	N/A
<p>Conclusion: Based on the preceding grid, the subject property will improve in 8 of the 18 categories. Market participants generally recognize that streets need replacing like many building components (HVAC, roofing, driveways, parking, etc.) need replacing when nearing the end of a long economic life. A typical buyer in the subject market commonly prefers a new surface road versus dated road improvements as well as new city water/sewer and storm sewer. In addition to visual benefit, a new road provides better and safer use for drivers and pedestrians (biking, walking, driving, etc.). Properties that have direct frontage on the new street will benefit.</p>		

After Analysis -- continued

Appraisal Development and Reporting Process in After Scenario

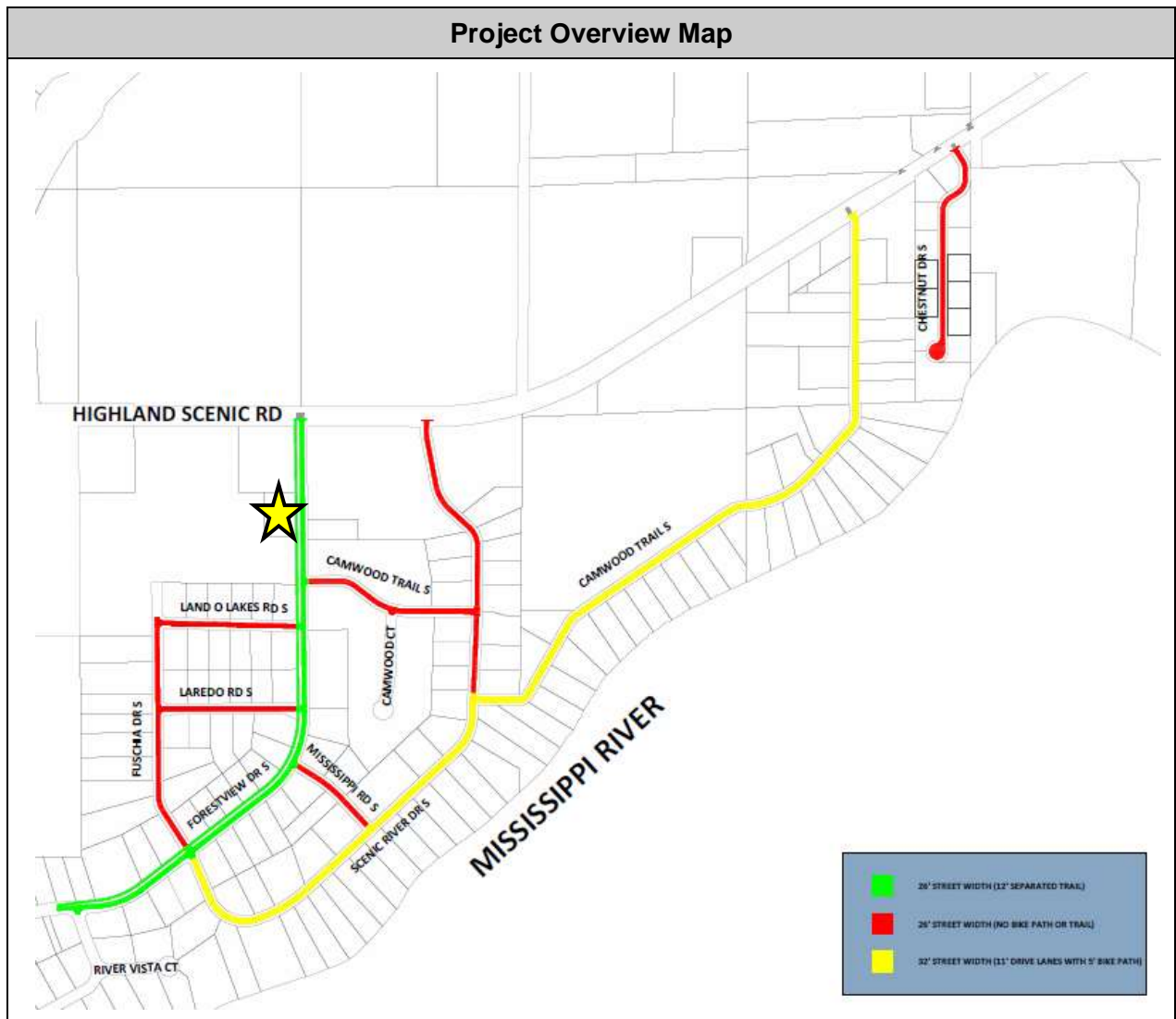
The appraisal date in the after situation is the same as in the before condition. Consequently, the appraisal development and reporting process in the after situation are the same.

The Area Data Description, Zoning, Flood Map, Plat Map, Description of Improvements, Aerial Photographs and Subject Photographs in the after situation are the same as in the before condition (see front portion of report).

Outline in the After Situation

- Site Description
- Highest and Best Use
- Sales Comparison Approach
- Reconciliation
- Summary of Before and After Values

After Analysis -- continued



SITE DESCRIPTION - After

Gross Site Size: <i>(per county)</i>	SF:	46,695
	Acres:	1.07
Useable Site Size: <i>(less est. non-useable, per GIS)</i>	SF:	46,695
	Acres:	1.07
Physical Characteristics:		Rectangular
Topography/Low:		Gently Rolling / Nominal Apparent
Soil Conditions/Drainage:		Assumed Stable / Appears Average
Utilities:		
<i>Electricity/Gas</i>		Yes
<i>Water/Sanitary Sewer</i>		Municipal
Off-Site Improvements:		
<i>Street/Curb/Gutter:</i>		Bituminous / None / None
<i>Sidewalk/Alley:</i>		None
<i>Street Lights:</i>		Average
<i>Storm Sewer:</i>		None
<i>Street Impvt Rating:</i>		New
Access to Site/Number:		Forestview Dr / Average
Frontage:		Forestview Dr
Ingress/Egress:		Average
Visibility/Exposure:		Average
Flood Hazard Zone:		Appears No; See Flood Map
Apparent Easements:		Typical Utility & Drainage
Encroachments/Conditions:		None Apparent
Use:		Det SF-Res
Functional Adequacy:		Average
Surplus/Excess Land:		N/A
Surrounding Uses:	N:	Church
	S:	LD-Res Land
	E:	Detached SF-Residential / LD-Res Land
	W:	LD-Res Land
Distance to Major Road:		1/4 mile E of the Highway 371 corridor.

SUBJECT PHOTOGRAPHS



Front View (file photo)



Camwood Trail Looking SW / Property at Left

HIGHEST AND BEST USE

Site as Vacant: The Highest and Best Use for the subject property as vacant is for single-family residential development as market demand warrants and zoning allows.

Site as Improved: The Highest and Best Use for the subject property as improved is for the existing detached single-family residential use.

Most Probable Buyer: Owner-Occupant

COST APPROACH

Due to large and subjective depreciation adjustments, the **Cost Approach** is considered a less reliable indicator of value, and not necessary for a reliable value analysis.

INCOME APPROACH

Very limited rental data (rent rates, cap rates, expenses, vacancy, etc.) of single-family residential dwellings renders the **Income Approach** an unreliable indicator of value. Therefore, the Income Approach is not included.

SALES COMPARISON APPROACH

The Sales Comparison Approach to Value is predicated upon sales of properties with similar characteristics as the subject. The primary premise of this approach is that the market value of the subject is directly related to the prices of competing properties after adjustment. Adjustments are made in an effort to account for significant differences.

Supply and Demand: Sales in the market result from negotiations between buyers, sellers and lenders. Buyers reflect market demand and sellers supply. If demand is high, prices tend to increase, if it is low, prices usually decrease.

Substitution: The principle of substitution holds that the value of a property tends to be set by the price paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time (The Appraisal of Real Estate, 13th Edition). The sales comparison approach is less reliable if substitute properties are not available in the market.

Balance: The market tends to force a balance between supply and demand. Balance can change due to shifts in population, variations in purchasing power, consumer tastes and preference, and time.

Externalities: When possible, select comparables with similar location, economic conditions and support facilities.

The Following Outline Is Used In The Sale Comparison Approach:

- A location map of the comparable building sales.
- Comparable building sales are listed.
- An adjustment grid using the comparable sales.
- A discussion of adjustment and conclusion of value.

Primary Data Selection Criteria/Scope:

- Detached Single-Family Home Sales
- Emphasis on the Baxter/Brainerd Area

Sales Comparison Approach -- continued

Comparable Location Map



Sales Comparison Approach -- continued

COMPARABLE 1

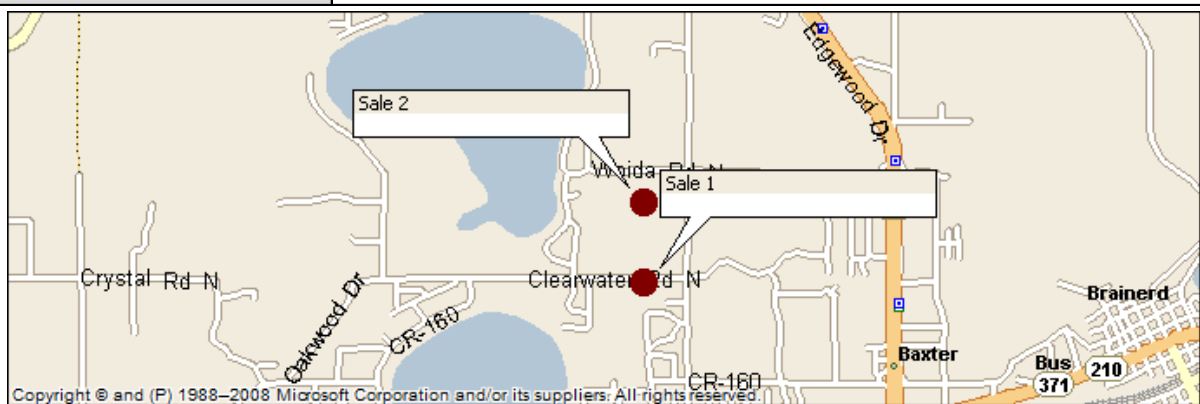


Property Data

Address:	6285 Clearwater Rd, Baxter, MN		
Bedrooms:	3	Bathrooms:	2
Year Built / Effective Age:	2004/E7	Site size:	17,424
Quality/Appeal:	Average	Road/Utilities:	Avg/Public
Condition:	Average	Design:	1-Story
Total Finished SF:	1,552	Garage:	2-Att
Comments:	Similar 1-story slab-on-grade design. Public utilities.		

Sale Data

Sale Price:	\$175,000	Price/SF (Tot. Fin.):	\$112.76
Sale/Close Date:	4/20/2018		
Property Rights:	Fee Simple	Buyer:	Clanton, Annette
Financing:	Conventional	Seller:	Hebert, MA & D
Conditions:	Typical	Source/Verification:	MLS/Realist
Comments:	Typical arm's length transaction with market exposure (MLS) apparent.		



Sales Comparison Approach -- continued

COMPARABLE 2

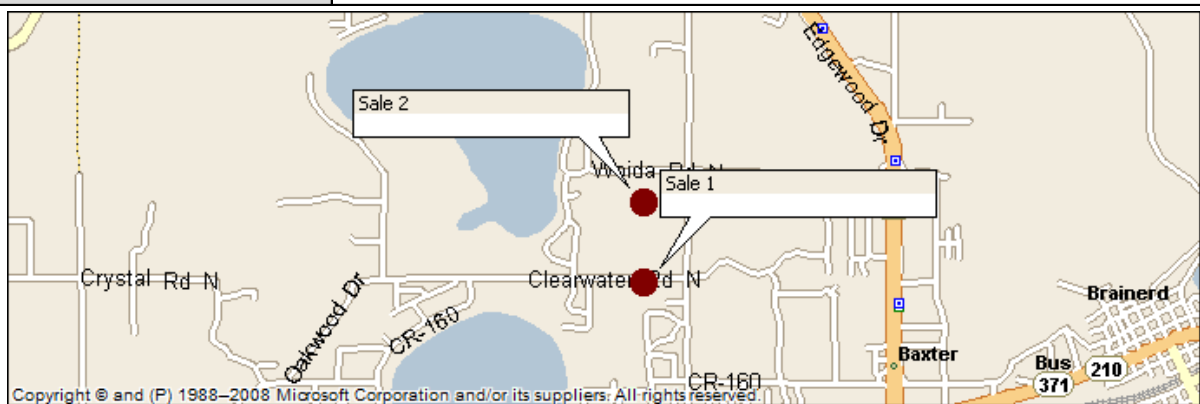


Property Data

Address:	6351 Atwater Rd, Baxter, MN		
Bedrooms:	2	Bathrooms:	2
Year Built / Effective Age:	2006/E6	Site size:	30,492
Quality/Appeal:	Avg/Good	Road/Utilities:	Good/Public
Condition:	Average	Design:	1-Story
Total Finished SF:	1,492	Garage:	2-Att
Comments:	Similar 1-story slab-on-grade design. Superior quality/appeal and newer vintage. Public utilities and a good condition road apparent.		

Sale Data

Sale Price:	\$175,000	Price/SF (Tot. Fin.):	\$117.29
Sale/Close Date:	1/31/2017		
Property Rights:	Fee Simple	Buyer:	Kramer, G & S
Financing:	Cash	Seller:	Axt Mary K
Conditions:	Typical	Source/Verification:	MLS/Realist
Comments:	Typical arm's length transaction with market exposure (MLS) apparent.		



Sales Comparison Approach -- continued

COMPARABLE 3

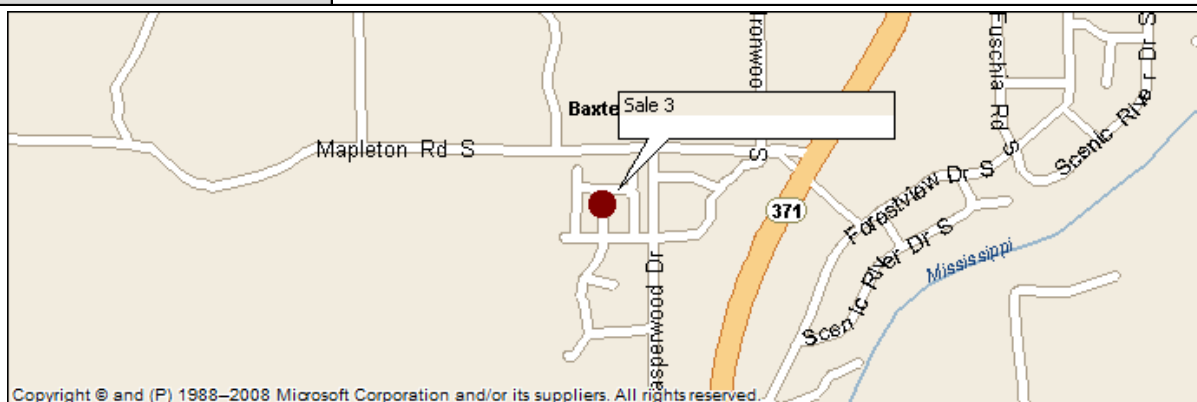


Property Data

Address:	11827 Knotty Pine Dr, Baxter, MN		
Bedrooms:	3	Bathrooms:	2
Year Built / Effective Age:	2013/E3	Site size:	16,117
Quality/Appeal:	Avg/Good	Road/Utilities:	Avg/Public
Condition:	Good	Design:	1-Story
Total Finished SF:	1,739	Garage:	3-Att
Comments:	Similar 1-story slab-on-grade design. Newer vintage. Public utilities and an average condition road apparent. Full unfinished basement (considered in quality rating).		

Sale Data

Sale Price:	\$235,000	Price/SF (Tot. Fin.):	\$135.14
Sale/Close Date:	9/22/2017		
Property Rights:	Fee Simple	Buyer:	Aeschliman, M
Financing:	Market	Seller:	Hof, Anne K
Conditions:	Typical	Source/Verification:	MLS/Realist
Comments:	Typical arm's length transaction with market exposure (MLS) apparent.		



Sales Comparison Approach -- continued

COMPARABLE 4

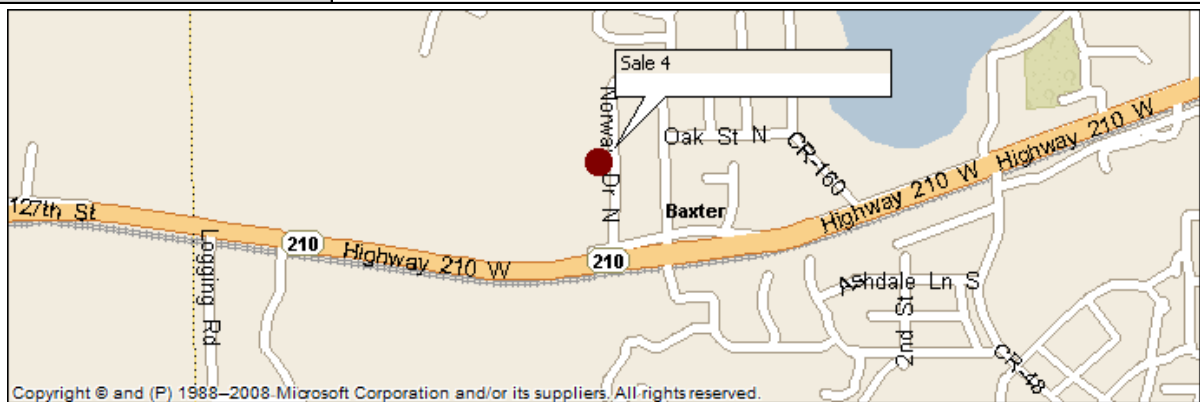


Property Data

Address:	13253 Norway Dr, Baxter, MN		
Bedrooms:	4	Bathrooms:	2
Year Built / Effective Age:	1990/E14	Site size:	44,867
Quality/Appeal:	Average	Road/Utilities:	Good/Public
Condition:	Average	Design:	1-Story+Pt Bsmt
Total Finished SF:	1,941	Garage:	2-Att
Comments:	1-story plus a partial finished basement included in total finished square footage figure. Municipal utilities and a good condition street apparent.		

Sale Data

Sale Price:	\$174,503	Price/SF (Tot. Fin.):	\$89.90
Sale/Close Date:	4/13/2018		
Property Rights:	Fee Simple	Buyer:	Hoppe, JW
Financing:	Conventional	Seller:	Hefti, KJ
Conditions:	Typical	Source/Verification:	MLS/Realist
Comments:	Typical arm's length transaction with market exposure (MLS) apparent. Sale price above equal to \$179,900 less a \$5,397 seller contribution.		



Sales Comparison Approach -- continued

COMPARABLE 5

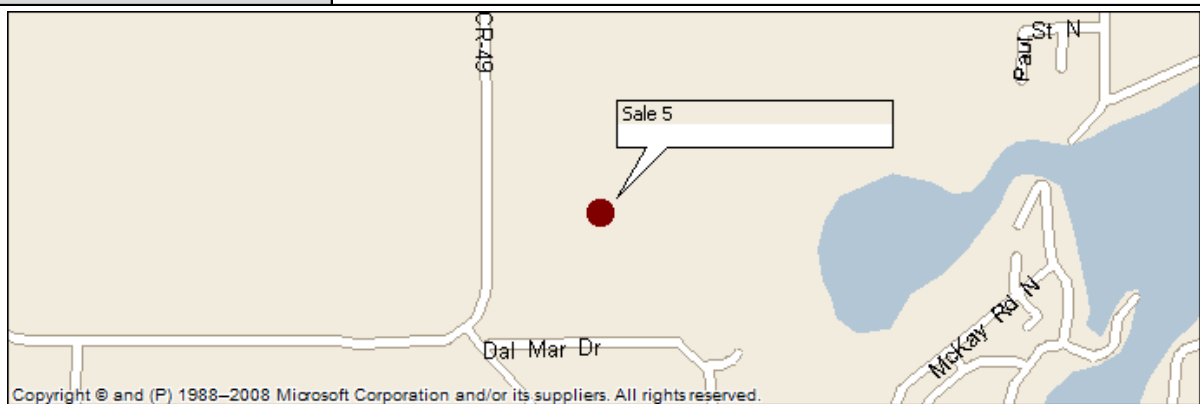


Property Data

Address:	8693 Sugarberry Ck, Brainerd, MN		
Bedrooms:	3	Bathrooms:	2
Year Built / Effective Age:	2018/E0	Site size:	31,799
Quality/Appeal:	Avg/Good	Road/Utilities:	New/Public
Condition:	Good	Design:	1-Story
Total Finished SF:	1,772	Garage:	3-Att
Comments:	New construction used due to new vintage road improvements.		

Sale Data

Sale Price:	\$274,000	Price/SF (Tot. Fin.):	\$154.63
Sale/Close Date:	8/10/2018		
Property Rights:	Fee Simple	Buyer:	Payes Rev \
Financing:	Conventional	Seller:	C Schw endeman Builders, LLC
Conditions:	Typical	Source/Verification:	MLS/Realist
Comments:	Typical arm's length transaction with market exposure (MLS) apparent.		



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Sales Comparison Approach -- continued

Listed below is the adjustment grid for the comparables listed on the previous pages. Comparable items of significant difference are adjusted for. Stable market; no time adjustment.

ADJUSTMENT GRID						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Address	12395 Forestview Dr, Baxter, MN	6285 Clearwater Rd, Baxter, MN	6351 Atwater Rd, Baxter, MN	11827 Knotty Pine Dr, Baxter, MN	13253 Norway Dr, Baxter, MN	8693 Sugarberry Ck, Brainerd, MN
Proximity	Subject	2 miles NW	2.5 miles NW	1 mile SW	2.5 miles NW	4 miles NE
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Market	Conventional	Cash	Market	Conventional	Conventional
Conditions	Typical	Typical	Typical	Typical	Typical	Typical
Sale Date	Current	Apr-18	Jan-17	Sep-17	Apr-18	Aug-18
Location	Average	Traffic	Average	Average	Average	PB Trail
Site SF	46,695	17,424	30,492	16,117	44,867	31,799
Road/Utilities	New/Public	Avg/Public	Good/Public	Avg/Public	Good/Public	New/Public
Age	1994/E12	2004/E7	2006/E6	2013/E3	1990/E14	2018/E0
Bedrooms	4	3	2	3	4	3
Bathrooms	2	2	2	2	2	2
Quality/Appeal	Average	Average	Avg/Good	Avg/Good	Average	Avg/Good
Condition	Average	Average	Average	Good	Average	Good
Design	1-Story	1-Story	1-Story	1-Story	1-Sty+Pt Bsmt	1-Story
Garage	2-Att	2-Att	2-Att	3-Att	2-Att	3-Att
Sale Price	N/A	\$175,000	\$175,000	\$235,000	\$174,503	\$274,000
Tot. Fin. SF	1,512	1,552	1,492	1,739	1,941	1,772
\$ Per Tot Fin SF	--	\$112.76	\$117.29	\$135.14	\$89.90	\$154.63
Adjustments						
Property Rights	Fee Simple					
Financing	Market					
Conditions	Typical					
Net Adjust	--	0%	0%	0%	0%	0%
Part Adj. \$/SF		\$112.76	\$117.29	\$135.14	\$89.90	\$154.63
Sale Date	Current	2%	6%	4%	2%	1%
Equalized \$/SF	--	\$115.01	\$124.33	\$140.54	\$91.70	\$156.17
Location	Average	5%				-5%
Site SF	46,695	3%	2%	3%		1%
Road/Utilities	New/Public	5%		5%		
Age	1994/E12	-5%	-6%	-9%	2%	-12%
Bedrooms	4	9%	17%	6%		5%
Bathrooms	2					
Quality/Appeal	Average		-5%	-5%		-5%
Condition	Average			-5%		-5%
Design	1-Story				20%	
Garage	2-Att			-3%		-3%
Tot. Fin. SF	1,512				5%	
Net Adjust	--	17%	8%	-8%	27%	-23%
Adjusted Price	--	\$134.47	\$134.27	\$129.28	\$116.46	\$119.57

Sales Comparison Approach -- continued

Discussion of Adjustments

Property Rights: The impact ownership interest has on the sale price due to leases in place or other encumbrances tied to the property. No adjustment necessary.

Financing: The impact financing may have had on the sale price, favorable interest rate or term. All sales were cash or estimated to be near or at market rates.

Conditions of sale: Reflects non-market conditions that may or may not impact the sale price, such as differing motivations of buyer or seller (related parties, distressed or liquidation sale, assemblage, listings, pending sales, etc.), impending eminent domain proceedings, influence due to tax ramifications or lack of market exposure. No adjustments necessary.

Market Conditions: Riverfront residential properties appears to be appreciating (see chart below). As such, a 3% annual adjustment is applied.



Location: This adjustment is based on the appraiser's judgment. It takes into consideration surrounding land uses, intended use, neighborhood characteristics and access. Comparable 1 has some traffic exposure and Comparable 5 backs up to the Paul Bunyan Trail.

Sales Comparison Approach -- continued

Site Size: Site size is adjusted at \$0.20/SF of difference from the subject property.

Road/Utilities: Adjustments recognize properties with newer roadways and municipal utilities tend to sell for a premium over those with older vintage roadways and private well/septic. Comparables 1 and 3 are adjusted for older vintage road improvements apparent.

Age: Adjustments made at a rate of 1% per difference in effective age.

Bedrooms: Adjusted at \$15,000 per bedroom difference from the subject property.

Bathrooms: Adjusted at \$6,000 per bathroom difference from the subject property.

Quality/Appeal: The subject has good to excellent quality/appeal. Comparables 2, 3 and 5 are adjusted for slightly higher quality finishes and appeal.

Condition: Comparables 3 and 5 are adjusted for superior ratings with less apparent wear & tear and/or more updating.

Design: One-level properties are more costly to construct and tend to sell for a premium over multi-level homes or homes with substantial below grade space included in the total finished square footage. Comparable 4 is adjusted for an inferior design with more below grade space included in the TFSF.

Garage: Comparables 3 and 5 are adjusted for more garage stalls, an appealing feature in the market.

Total Finished SF: As property size increases, the cost and price per SF tends to decline somewhat. Comparable 4 is adjusted for larger TFSF.

Sales Comparison Approach -- continued

Conclusion: Comparables used are rated to be the most indicative of data analyzed and bracket the subject regarding overall appeal. The comparables utilized in this analysis each have several characteristics in common with the subject. While none are totally identical to the subject, each represents a viable alternative to a prospective buyer of the subject property and, after adjustment, can be utilized as an indicator of market value for the subject property.

Data Summary	Minimum	Maximum	Average	Median
Before Adjustment	\$89.90	\$154.63	\$121.94	\$117.29
After Adjustment	\$116.46	\$134.47	\$126.81	\$129.28

The average is slightly lower (minus 4% +/-) after adjustment. All comparables are given about equal weight. Given the data, the following value is concluded.

Correlated Value / SF	\$127.00	After Market Value
Value Opinion	\$192,024	
Value Opinion (rnd.)	\$192,024	

SALES COMPARISON APPROACH – After Project:

\$192,024

RECONCILIATION

Value Conclusions			
Due to large and subjective depreciation adjustments, the Cost Approach is considered a less reliable indicator of value, and not necessary for a reliable value analysis.			
Very limited rental data (rent rates, cap rates, expenses, vacancy, etc.) of single-family residential dwellings renders the Income Approach an unreliable indicator of value. Therefore, the Income Approach is not included.			
The Direct Sales Comparison Approach to value analyzed recent sales of properties as compared with the characteristics of the subject property. Adjustments were made to the comparables to make them as similar to the subject as possible. This results in an indication of market value at which the typical buyer would be willing to pay for the subject property. The comparables used are all competing properties located in the subject market and are considered to provide a reliable estimate of market value. Sales data for the subject property was fair/adequate.			
Conclusion: The Sales Comparison Approach is considered the only relevant indicator of value. Therefore, the appraised value opinion is:			
Final Value Opinion - After			
After	Value Opinion by Cost Approach	Not Applied	
	Value Opinion by Sales Comparison Approach	\$192,024	\$127.00 per TFSF
	Value Opinion by Income Approach	Not Applied	
	Final Value Opinion	\$192,024	\$127.00 per TFSF
Properties that are unstable, distressed, or have unusual condition and/or motivated sellers tend to sell below market value. Based on market observations and discussions with various market experts, discounts for such properties can range from 10 to 50% + when compared to normal market transactions.			

After Analysis -- continued

Final Summary	
Before & After Summary	
Before Value Opinion	\$176,904
After Value Opinion	\$192,024
Total Benefit	\$15,120

Based on the proceeding data, the subject property **does benefit** from the street improvement project.

EXPOSURE TIME / MARKETING TIME

Exposure Time:	Final values reflect “market exposure” time of under 1 year <u>before</u> the effective date of the appraisal. Changes in the market, use, lease and/or building subsequent to the effective appraisal date could impact value.
Marketing Time:	Marketing times for appropriately priced properties is generally 6 to 18 months +/-.

DEFINITIONS

MARKET VALUE - The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a) buyer and seller are typically motivated;
- b) both parties are well informed or well advised, and each acting in what they consider their own best interest;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: OCC 12 CFR 34.42 - Definitions

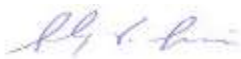
ENVIRONMENTAL & STRUCTURAL ISSUES

Regarding any adverse environmental and/or improvement structural conditions (such as, but not limited to, hazardous wastes, toxic substances, mold, construction defects or inadequacies etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property, none are apparent, however, appraiser is not an expert in this field, value assumes no hazardous or significant structural conditions exist. Value assumes any abandoned wells will be properly sealed. If any of these conditions exist the appraised value could differ significantly.

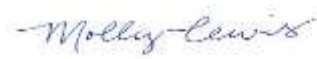
CERTIFICATION

I certify that, to the best of my knowledge and belief:

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analysis, opinions, and conclusions.
- 3) I have no (or specified) present or prospective interest in the property that is the subject of this report, and no (or the specified) personal interest with respect to the parties involved.
- 4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 8) The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- 9) **Andrew J. Lewis has made a personal viewing (exterior drive-by only) of the property that is the subject of this report. Molly J. Lewis has not viewed the property** (If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal viewing of the appraisal property).
- 10) No one provided significant professional assistance to the person signing this report. (If there are exceptions, the name of each individual providing significant professional assistance must be stated.)
- 11) In accordance with the competency provision of the USPAP, we have verified that our knowledge, experience and education are sufficient to allow us to competently complete this appraisal. See attached qualifications.
- 13) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representative.
- 14) Andrew J. Lewis & Molly J. Lewis **have not** performed services, as an appraiser or otherwise, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 15: As of the date of this report, Andrew J. Lewis has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



Andrew J. Lewis
Certified General / MN / 20327024



Molly J. Lewis
Certified General / MN / 20391975

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

As stated by USPAP;

Extraordinary Assumption: An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions of conclusions.

Per client request, only an exterior-only drive-by inspection was made of the subject property. As such, many assumptions were made as to the condition and quality of the property. Square footage figures were based on assessor and MLS data. If any of the data used varies, the appraised value opinion could differ.

Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis.

Values in this appraisal analysis are based on the Before and After value conditions occurring on the same date (effective date of this report). After value condition assumes the proposed project is completed as described.

ASSUMPTIONS AND LIMITING CONDITIONS

1. The appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraisers render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership and good management.
2. The furnished legal description is assumed to be correct.
3. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraisers have made no survey of the property. It is assumed unless otherwise noted that no survey has been viewed and that all improvements are located within the legally described property.
4. The appraisers are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore.
5. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
6. The appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraisers assume no responsibility for such conditions, or for engineering, which might be required to discover such factors.
7. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
8. Information, estimates, and opinions furnished to the appraisers, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, the appraisers can assume no responsibility for accuracy of such items furnished the appraisers.

Assumptions & Limiting Conditions – continued

9. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the appraisers are affiliated. No part of the contents of this report, or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser is connected), shall be disseminated to the public through advertising, public relations, news, sales, or any other public means of communications without the prior written consent and approval of the appraisers.

10. The appraisers have no present or contemplated future interest in the property appraised; and neither the employment to make the appraisal, nor the compensation for it, is contingent upon the appraised value of the property. The appraisers have no personal interest or bias with respect to the parties involved.

11. The appraiser has personally inspected the subject site. To the best of the appraiser's knowledge and belief, all statements and information in this report are true and correct, and the appraisers have not knowingly withheld any significant information.

12. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

13. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

14. No one provided significant professional assistance to the person(s) signing this report.

15. This appraisal assignment was not based on a requested minimum valuation or specific valuation or approval of a loan.

16. To the best of our knowledge and belief, the reported analysis, opinions, and conclusions were developed, and this report was prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

17. The appraised value opinion assumes all leases (if any) are current and paid in full as of the effective date of the appraisal.

18. Excel grids and tables may have slight deviations due to rounding, which may have a nominal impact on value.

Assumptions & Limiting Conditions – continued

19. The appraised value opinion assumes all formulas used in the Excel grids throughout the report are accurate.

20. Unless noted, value assumes no apparent adverse site, building or zoning issues or conditions.

21. Site and building sizes are based on public record, data services, client and/or appraiser measurement at the time of appraisal and are considered reliable, but not guaranteed. Actual sizes herein could vary if made by an engineer, surveyor or contractor.

22. Because market and property conditions may change rapidly, the named client should exercise caution in relying on the appraised value subsequent to the appraisal date with the passage of time.

23. The subject is not known or reported to be in a designated FEMA disaster area.

If any of the above is found to be different, value could change.

QUALIFICATIONS

Andrew J. Lewis



Nordic Appraisal & Consulting

PO Box 130
Brainerd, MN 56401
218.824.6024
800.420.9885
www.nordicappraisal.com
andy@nagellmn.com

Employment

Nagell Incorporated

Staff Appraiser 2002 to 2017
Partner 2017 to Current

Education

University of Northwestern - St. Paul, MN

B.S. Degree in Business Administration

Prosource Educations Services

Appraisal 100 - 105

Appraisal Institute Courses

Basic Income Capitalization
Advanced Income Capitalization
Report Writing & Valuation Analysis
Advanced Concepts & Case Studies
General Appraiser Market Analysis and Highest & Best Use
Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets
Supervisory Appraiser/Trainee Appraiser Course
Business Practices & Ethics
15 Hour National USPAP Course

McKissock Learning

Appraisal of Assisted Living Facilities
Basic Hotel Appraising - Limited Service Hotels
Appraisal of Fast Food Facilities
Appraisal of Single Tenant Distribution Centers
Introduction to the Uniform Appraisal Dataset

Licenses Held

Minnesota Certified General Real Property Appraiser License #20327024

Appraisals Performed

Commercial

Mixed-Use
Showrooms
Implement / Outside Sales

Industrial

Light & Heavy Manufacturing
Distribution
Industrial Condominiums
Flex Properties

Qualifications – continued

Office

Professional Office
Medical Office
Office Condominiums

Land

Commercial
Industrial
Residential - Single & Multi-Family
Residential Subdivision Analysis
Agriculture

Residential

Apartments
Single-Family Dwellings & Townhouses
Condominium Units & Complexes

Hospitality

Hotels - Limited & Full Service
Resorts

Health Care

Assisted Living / Memory Care Facilities
Nursing Homes

Restaurants

Full Service
Fast Food or Quick Serve

Special Purpose

Marinas
Churches
Bowling Centers
Event Centers / Banquet Facilities

Government

Eminent Domain / Condemnation
Special Assessment
Tax Appeal

Geographic Areas of Experience

Twin Cities Metro Area

Greater Minnesota Areas

Duluth
St. Cloud
Brainerd/Baxter Area
Rochester
Mankato
Bemidji
Grand Rapids
Small Market Locations Across Greater MN

Out of State Areas

Northern IA
Eastern SD
Western WI
Des Moines, IA Metro Area
Superior, WI Area

QUALIFICATIONS

Molly J. Lewis



Nordic Appraisal & Consulting

PO Box 130
Brainerd, MN 56401
Tel: 218.824.6024
www.nordicappraisal.com
mlewis@nordicappraisal.com

Employment

Nagell Appraisal Incorporated
Staff Appraiser 2003 to 2017
Partner 2017 to Current

Education

University of Northwestern - St. Paul, MN
B.S. Degree in Business Administration
Prosource Educations Services
Appraisal 100 - 105
Appraisal Institute, Pre-Licensure & Continuing Education Courses
Basic Income Capitalization
7 & 15 Hour National USPAP Course
Income Valuation of Small, Mixed-Use Properties
Appraisal of Owner-Occupied Commercial Properties
Intro to Expert Witness Testimony for Appraisers
Appraisal of Single-Tenant Distribution Centers
Appraisal of Assisted Living Facilities
Appraisal of Self-Storage Facilities

Licenses Held

Minnesota Certified General Real Property Appraiser License #20391975

Appraisals Performed

Commercial

Mixed-Use
Showrooms
Implement / Outside Sales

Industrial

Light & Heavy Manufacturing
Distribution
Industrial Condominiums
Flex Properties

Qualifications – continued

Office

Professional Office
Medical Office
Office Condominiums

Land

Commercial
Industrial
Residential - Single & Multi-Family
Residential Subdivision Analysis
Agriculture

Residential

Apartments
Single-Family Dwellings & Townhouses
Condominium Units & Complexes
Mobile Home Parks

Hospitality

Hotels - Limited & Full Service
Resorts

Health Care

Assisted Living / Memory Care Facilities
Nursing Homes

Restaurants

Full Service
Fast Food or Quick Serve

Special Purpose

Churches
Bowling Centers
Event Centers / Banquet Facilities

Government

Eminent Domain / Condemnation
Special Assessment
Tax Appeal

Geographic Areas of Experience

Twin Cities Metro Area

Greater Minnesota Areas

Duluth
St. Cloud
Brainerd/Baxter Area
Rochester
Mankato
Fargo/Moorhead Area
Small Market Locations Across Greater MN

Out of State Areas

Wisconsin

ADDENDA TO APPRAISAL REPORT

Nordic Appraisal & Consulting

PO Box 130

Brainerd, MN 56401

Established in 1995

Phone: 218.824.6024

Central Fax: 952.544.8989

City of Baxter

November 21, 2018

Attn: Bradley Chapulis, City Administrator

13190 Memorywood Dr

Baxter, MN 56425

RE:

(4) Representative Appraisals for the South Interceptor / North Forestview & Forestview Stormwater Outlet Improvements Project

Baxter, MN

PID(s): TBD

Dear Mr. Chapulis,

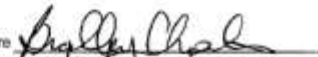
Pursuant to your request, we are happy to submit a proposal for the following appraisal services.

Assignment Scope	
Property Type	(4) Representative Appraisals for the South Interceptor / North Forestview & Forestview Stormwater Outlet Improvements Project
Tenancy	Single (each property)
Report Type	Narrative Appraisal Report (Concise Format)
Type of Value	Market Value
Condition of Value	As-is / Before & After Project
Approaches to Value	1 Approach to Value / Sales Comparison Approach
Interest Appraised	Fee Simple
Capitalization Methods	Not Applicable
Prior Appraisal Services	Some Prior Appraisals Completed as part of the Forestview Area Trail System Project
Report Copies	Email PDF
Timing	
Fee	
Intended Use	Project Related Decision-Making by the City of Baxter
Intended User(s)	City of Baxter
Client	City of Baxter / Attn: Bradley Chapulis, City Administrator
Information Needed for Assignment	Detailed Project Exhibits Illustrating Parcel Specific Impacts
Property Contact	Bradley Chapulis, City Administrator / Bchapulis@BaxterMN.gov

Fees for Services Beyond the Original Assignment Scope	
Additional Appraisal Copies	
Additional Property Inspections	
Additional Appraisal Analysis	

Our company has sufficient knowledge, education, experience, resources and/or contacts to competently complete this assignment. Neither my employment to make this appraisal, nor the compensation, is contingent upon the value reported. The report will be prepared in conformity with the code of professional ethics and standards of professional appraisal practice of the Appraisal Institute and appraisal standards set forth by Uniform Standards of Professional Appraisal Practice.

Sincerely,

Andrew J. Lewis
Certified General MN 20327024Signature
Date
11/24/18

www.NordicAppraisal.com